

## Message Text

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ORIGIN EB-03

INFO OCT-01 ISO-00 /004 R

46603

DRAFTED BY: EB:NLPAZDRAL

APPROVED BY: EB:JLKATZ, ACTING

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O 071522Z MAR 75

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS IMMEDIATE

UNCLAS STATE 051321

PLEASE PASS ASSISTANT SECRETARY ENDERS

FOLL REPEAT BONN 3791 ACTION SECSTATE 06 MAR 75 QUOTE

UNCLAS BONN 03791

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O.: 11652, N/A

TAGS: EFIN, GW

SUBJECT: BUNDESBANK LOWERS REAL DISCOUNT AND LOMBARD  
RATES

1. THE CENTRAL BANK COUNCIL AT ITS REGULAR BIWEEKLY MEETING TODAY DECIDED TO REDUCE, EFFECTIVE FRIDAY MARCH 7, THE REDISCOUNT RATE BY 0.5 PERCENT TO 5 PERCENT AND THE LOMBARD RATE BY 1 PERCENT TO 6.5 PERCENT. THIS IS THE FOURTH TIME THE BUNDESBANK HAS REDUCED ITS INTEREST RATES IN THE LAST SIX MONTHS. THE PREVIOUS REDUCTION (OF 0.5 PERCENT IN EACH INTEREST RATE) WAS MADE ON FEBRUARY 6.

2. IN HIS PRESS CONFERENCE FOLLOWING THE CENTRAL BANK COUNCIL MEETING, BUNDESBANK PRESIDENT KLASSEN SAID THAT THE DECISION WAS MADE IN LIGHT OF DOMESTIC ECONOMIC DEVELOPMENTS, NAMELY THE DISCOURAGING JANUARY LEVEL OF  
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INDUSTRIAL ORDERS. KLASSEN EXPRESSED HOPE THAT BANKS

WOULD PASS THESE RATE REDUCTIONS ON TO THEIR CUSTOMERS  
IN THE FORM OF LOWER TERM INTEREST RATES AND VOICED  
DISAPPOINTMENT THAT THIS HADN'T BEEN SUITABLY DONE IN  
THE PAST.

3. OFFICIALS AT THE BUNDESBANK ALSO TELL US THAT AN  
ADDITIONAL UNDERLYING FACTOR FOR THE ANNOUNCED RATE  
REDUCTIONS WAS THE TENDENCY TOWARD LOWER RATES ABROAD  
AND THE RESULTING UPWARD PRESSURE ON THE DM.  
HILLENBRAND  
C  
UNQUOTE INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CENTRAL BANK, MEETINGS, BANK RATES, PRESS CONFERENCES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE051321  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** EB:NLPAZDRAL  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750080-0693  
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**Handling Restrictions:** n/a  
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**Legacy Key:** link1975/newtext/t19750371/aaaacmag.tel  
**Line Count:** 73  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 MAY 2003 by RuthemTJ>; APPROVED <26 FEB 2004 by CollinP0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BUNDESBANK LOWERS REAL DISCOUNT AND LOMBARD RATES  
**TAGS:** EFIN, GE  
**To:** EC BRUSSELS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006